



Final Regulation Agency Background Document

Agency name	Board of Accountancy
Virginia Administrative Code (VAC) citation	18 VAC 5-21
Regulation title	Board of Accountancy Regulations
Action title	Deadline for CPA Exam Candidates Qualified Under Prior Education Requirement to Sit for CPA Exam
Date this document prepared	April 30, 2008

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 36 (2006) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Brief summary

Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation. Also, please include a brief description of changes to the regulation from publication of the proposed regulation to the final regulation.

To fulfill the statutory mandate to ensure that a CPA license is issued to a person who meets the CPA exam requirements established in Virginia, and to provide clarification to those CPA candidates who qualified under the education requirements of the Board to sit for the CPA exam prior to July 1, 2006, the Board of Accountancy seeks to set a deadline of December 31, 2008 for these CPA candidates to pass the CPA exam. The goal of the Board is to enable these candidates to be able to complete the CPA exam in a timely manner and within an achievable deadline without creating an undue burden on them.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

*No public comment had been received during comment period. On April 30, 2008, the Board of Accountancy board members unanimously passed the final agency action with no changes or amendments. On May 2, 2008, the Virginia Board of Accountancy submitted the TH-03, The Final Regulations Agency Background Document, for the regulatory action entitled; *Deadline for CPA Exam Candidates Qualified Under Prior Education Requirement to Sit for CPA Exam.**

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter numbers, if applicable, and (2) promulgating entity, i.e., agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

The Board of Accountancy has legal authority to promulgate the proposed amendments to its regulations through (1) §§ 2.2-4007 and 2.2-4017 of the Administrative Process Act, (2) Chapter 44 of Title 54.1 of the Code of Virginia, and (3) Executive Order 36 (2006).

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons it is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

At its meeting on July 31, 2007, the Board of Accountancy by unanimous vote approved filing a proposed regulatory action to set a deadline of December 31, 2008 for those CPA candidates who qualified under the education requirements of the Board to sit for the CPA exam prior to July 1, 2006.

The requirement prior to July 1, 2006 was a baccalaureate degree or its equivalent conferred by an accredited college or university with an accounting concentration of at least 24 semester hours of accounting including courses covering the subjects of financial accounting, auditing, taxation, and management accounting; and at least 18 semester hours in business courses. The current education requirement, which began on July 1, 2006, is to complete the following courses at the undergraduate or graduate level from an accredited college or university: at least 30 semester hours of accounting, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting; and at least 24 semester hours in business courses.

When the education requirement changed, CPA exam candidates who qualified under that prior requirement were in the process of taking the CPA exam. The goal of this action is to enable these candidates to be able to complete the CPA exam in a timely manner and within an achievable deadline, without creating an undue burden on them.

Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. A more detailed discussion is required under the "All changes made in this regulatory action" section.

The only change to the Board of Accountancy regulation is the establishment of a deadline of December 31, 2008 for those CPA candidates who qualified under the education requirements of the Board to sit for the CPA exam prior to July 1, 2006.

Issues

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

If there are no disadvantages to the public or the Commonwealth, please indicate.

This regulatory action poses no disadvantages to the public or the Commonwealth.

Changes made since the proposed stage

Please describe all changes made to the text of the proposed regulation since the publication of the proposed stage. For the Registrar's office, please put an asterisk next to any substantive changes.

No changes have been made since the proposed stage.

Public comment

Please summarize all comments received during the public comment period following the publication of the proposed stage, and provide the agency response. If no comment was received, please so indicate.

The Board of Accountancy sought comment on the intended regulatory action, including but not limited to (1) ideas to assist in the development of a proposal, (2) the costs and benefits of the alternatives stated in this background document or other alternatives and (3) potential impacts of the regulation. The Board also sought information on impacts on small businesses as defined in § 2.2-4007.1 of the Code of Virginia. Information may include (1) projected reporting, record keeping and other administrative costs, (2) probable effect of the regulation on affected small businesses, and (3) description of less intrusive or costly alternative methods of achieving the purpose of the regulation. However, no public comments were received.

All changes made in this regulatory action

Please detail all changes that are being proposed and the consequences of the proposed changes. Detail new provisions and/or all changes to existing sections.

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
18 VAC 5-21-30	18 VAC 5-21-30 C 13		To ensure that a CPA license is issued to a person who meets the CPA exam requirements established in Virginia, and to provide clarification to those CPA candidates who qualified under the education requirements of the Board to sit for the CPA exam prior to July 1, 2006, the Board of Accountancy seeks to set a deadline of December 31, 2008 for these CPA candidates to pass the CPA exam. The goal of the Board is to enable these candidates to be able to complete the CPA exam in a timely manner and within an achievable deadline without creating an undue burden on them.

Regulatory flexibility analysis

Please describe the agency’s analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.

Individuals affected by this regulatory action are those CPA exam candidates who qualified under the education requirements to sit for the CPA exam prior to July 1, 2006. No business entities will be affected. There is no projected cost on localities or to the state. The only projected cost would be for those individuals to pay for the parts for the CPA exam that they have not completed. If regulation not passed, these individuals would have the burden of paying for education to make up any deficiencies between the pre-July 1, 2006 requirements and the post-July 1, 2006 requirements.

Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

Based upon its review and input received from its regulants and the public, the Board of Accountancy assessed the impact any proposed amendments would have on the institution of the family and family stability. The goals of the Board included developing amendments that (1) would not strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; (2) would not encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse and one's children and/or elderly parents; (3) would not strengthen or erode the marital commitment; and (4) would have a minimal impact on disposable family income.